CHAPTER V

WHAT TO SELECT
(resumed)

WHEN the price of securities dealt in on the Stock Exchange are high—that is, when they return a lower rate of interest than the average—I have advised that it is generally preferable to place money temporarily on deposit until a fall of values enables a purchase to be reasonably effected. But, in such circumstances, the investor may often find it worth his while to consider a mortgage upon property, which will return a superior rate to that provided upon deposits, and a rate, moreover, which may be fixed for a term instead of varying with the Bank of England rate. And besides this occasion for directing attention to the subject, mortgages should form a part of the securities which the possessor of reasonably large means might consider and select. The subject of the purchase of houses and shops and ground-rents will necessarily, also, be included in this volume. All these modes of utilising savings, though they demand a most careful and judicious discrimination, form excellent investments, or, to employ preciser language, securities. For the term investment should be restricted to those cases "where a person parts *finally* with a certain sum of money and accepts, in exchange for it, a claim upon the assets of an undertaking (to use a general word: in the instance of Government Funds, a claim upon the nation), which claim he can absolutely dispose of as owner, at any time, and thus reconvert it into money, though *not* necessarily of the *same amount* as that which he originally parted with ; while in a security, he parts with his money only *for a time* on condition that the *exact amount* shall be afterwards restored to him, and be meantime protected by some " earmarked " property which he may sell under specified circumstances in order